

Abstract

Tax law related aspects of the underground economy

The aim of this thesis is the analysis of the underground economy and the sources of its genesis and particular tax law related aspects of the underground economy including legal instruments which are used to eliminate and counter it. The goal is also the description of specific kinds of the underground economy policies.

This thesis is divided into three chapters. The first chapter brings definition of the underground economy and division of it among black economy, grey economy and home production. The next part of this chapter is dedicated to the causes of the underground economy. Firstly it describes the tax burden with focus on the value-added tax, there is the analysis of the problematics associated with tax evasion and tax avoidance, carousel frauds and tax havens. The second part of this chapter describes illegal work and execution of jobs in the form of unreported employment and a form called „švarcsystém“.

In the second chapter is the analysis and description of selected institutes of tax law which are used to eliminate the underground economy including illegal work. The institutes are tax inspection, electronic registration of sales, control reporting and work inspection focused on illegal work. The next part of the chapter is dealing with tax harmonization tools of the European Union.

The third and the last chapter is analyzing three specific approaches towards the underground economy. The first approach is banning and combating the underground economy. Offering closer insight into the problematics of anti-money-laundering and describing criminal tax offenses within the Criminal Code. The second type of the approach is not regulating certain areas of the underground economy as illustrated on the approach towards prostitution. The last described approach is the approbation, the approach that more or less approves some activities within the underground economy and is possible to be illustrated on the approach to the taxation of illegal gambling and its providers. Subsequently there is a description of the Slovak regulation of gambling and comparison of the approaches of both countries.

Key words: underground economy, tax evasion, tax avoidance.